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SBP springs surprise, keeps interest rate unchanged

• Lending rate held steady at 10.5pc • Central bank cites inflation risks • Core inflation steady at 7.4pc • Economic outlook improves; GDP growth projected at 3.75-4.75pc • LSM and agriculture lead recovery, but trade deficit widens • Cash reserve requirement cut to 5pc to support private sector credit growth

By Shahid Iqbal

KARACHI: Defying market expectations, the State Bank of Pakistan (SBP) on Monday kept its key policy rate unchanged at 10.5 per cent, citing concerns over higher inflation towards the end of the current fiscal year, despite widespread anticipation of a cut.

The decision surprised financial markets, which had been closely watching developments such as the sharp decline in treasury bill yields to single digits and mounting pressure on the government to spur economic growth through cheaper credit. However, the central bank opted to stay on a cautious path, prioritising price stability over faster growth.

The SBP has consistently advocated a relatively higher interest rate despite easing inflation, justifying its stance as necessary to ensure "low but sustainable growth".

"The committee observed that headline inflation of 5.6 per cent year-on-year in December 2025 was in line with its expectation. However, core inflation has steadied around a relatively higher level of 7.4pc in recent months," said the monetary policy statement issued after the Monetary Policy Committee (MPC) meeting.

Industry slams SBP's 'penal' rate policy: Page 9

While large-scale manufacturing (LSM) recorded growth in the first half of the current fiscal year (FY26) and overall economic activity gained momentum faster than anticipated, the trade deficit widened due to higher imports and slower export growth.

The MPC noted that the outlook for inflation and the current account remained broadly unchanged from its previous assessment, while the outlook for economic growth had improved significantly. "Based on this, the committee deemed it prudent to hold the policy rate unchanged at

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ABBOTTABAD: A municipal worker uses a snow plough to clear the road after heavy snowfall.—PPI

Fresh westerly wave keeps large swathes of country in cold grip

• New system to bring heavy rain, snow in northern regions today • NDMA issues high-level landslide alerts for KP, GB & AJK; medium-level for Balochistan • Roof collapse incidents leave one dead, six injured in Quetta, Duki • Officials urge public to avoid unnecessary travel during forecast period

Dawn Report

ISLAMABAD: The country remained in the grip of a severe cold wave on Monday, with the National Weather Forecasting Centre (NWFC) stating that a new western disturbance is likely to persist in upper Pakistan through Tuesday (today).

The NWFC, in its daily forecast, warned of traffic disruptions caused by heavy snowfall. The system is causing road closures and slippery conditions in Naran, Kaghan, Dir, Swat, Kalam, Chitral, Kohistan, Mansehra, Abbottabad, Shangla, Astore, Hunza, Skardu, Murree, Galiyat, Neelum Valley, Bagh, Poonch, Haveli, Quetta, Ziarat, Chaman, Pishin, Qila Abdullah, Qila Saifullah, Noshki, Harnai and Zhob.

Officials added that there was a risk of landslides and avalanches in the mountainous areas of upper Khyber Pakhtunkhwa, Kashmir and Gilgit-Baltistan.

"Tourists are advised to remain extra cautious and avoid unnecessary travelling during the forecast period," the centre said.

New spell of snowfall begins in Murree, twin cities to receive more rain: Page 4

Regarding the broader forecast, the NWFC predicted rain, wind, thunderstorms and snowfall in Balochistan, KP, Kashmir and GB.

Heavy rain and moderate-to-heavy snowfall are likely at isolated places in south and northeast Balochistan, Kashmir and upper KP. Rain, wind, thunderstorms and snowfall are also expected at isolated places in southern Punjab and upper Sindh.

For Tuesday, the NWFC forecast rain and snowfall with thunderstorms and strong winds in upper KP, Kashmir, GB and upper Punjab. "Cold and dry weather is likely in other parts of the country," the forecast added.

The Pakistan Meteorological Department, in its three-day weather forecast for the Karachi division, predicted partly cloudy weather with chances of light rain in Sukkur, Larkana, Kambar Shahdadkot, Jacobabad and Dadu districts under the influence of the westerly wave.

It added that partly cloudy and cold conditions were likely to prevail over most of Sindh.

Cold and dry weather was expected for Karachi on both Tuesday and

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President okays seven bills, heads to UAE

By Syed Irfan Raza

ISLAMABAD: President Asif Ali Zardari on Monday gave assent to the seven bills passed by parliament, including some controversial bills, turning them into laws, before leaving for the United Arab Emirates on an official tour.

Last month, the president had returned the bills unsigned when they were passed by the Senate and the National Assembly.

According to the Presidency, the approved legislation includes The National Tariff Commission (Amendment) Bill, 2026; the Export Development Fund (Amendment) Bill, 2026; the Transfer of Railways (Amendment) Bill, 2026; the Domestic Violence (Prevention and Protection) Bill, 2026; the Daanish Schools Authority Bill, 2026; the Income Tax (Amendment) Bill, 2026; and the National Commission for Human Rights (Amendment) Bill, 2026.

A joint sitting of parliament, which was summoned last week after the bills were returned unsigned, passed the three bills including Daanish Schools Authority Bill, 2026, Domestic Violence Bill, 2026, and the Human Rights (Amendment) Bill, 2026.

Although the domestic violence bill was introduced by a lawmaker from his own party MNA Sharmila Faruqui, the president refused to sign it in December apparently considering the objections raised by the Jamiat Ulema-i-Islam (JUI-F). Similarly, the human

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Opposition chalks out plans for Feb 8 protest

• TTAP may announce '*Jail Bharo Tehreek*', urges people to keep their shutters closed • Forms 10 bodies at international, national and provincial levels to ensure success of strike • JUI-F to stage public gathering in Rawalpindi

By Ikram Junaidi and Aamir Yasin

ISLAMABAD / RAWALPINDI: Opposition parties have chalked out plans for Feb 8 to protest against the alleged rigging in the 2024 general elections, with Tehreek Tahafuz Ayeen-i-Pakistan (TTAP) hinting that it may announce a Jail Bharo Tehreek (court arrest movement) and urging people to keep their shutters closed, while the JUI-F has decided to stage a public gathering in Rawalpindi.

TTAP chief Mehmood Khan Achakzai on Monday said that the call for a countrywide protest on Feb 8 — the second anniversary of the 2024 general polls — would not be withdrawn under any circumstances. He urged the masses to shut down everything on that day, which falls on a Sunday.

Suggesting that the alliance might announce a Jail Bharo Tehreek, he said it would be just the beginning and that more moves would follow.

Mr Achakzai was chairing a meeting of the TTAP, attended by alliance's vice chief Senator Allama Raja Nasir Abbas, PTI Chairman Barrister Gohar Ali Khan, former Sindh governor Zubair Umar, Asad Qaiser, Dr Ammar Ali Jan, Mustafa Nawaz Khokhar, Akhunzada Hussain Yousufzai and Advocate Khalid Chaudhry.

The participants decided that Feb 8 would be observed as a Black Day and that a nationwide strike would be ensured.

Ten committees formed

They said 10 committees had been formed at international, national and provincial levels to ensure the success of the strike.

They termed Feb 8 a day of humiliation for the entire nation, saying people had been deprived of their basic right to elect representatives and rendered powerless.

The meeting also expressed concern over the sentences awarded to rights activist, Advocate Imaan Zainab Mazari-Hazir and her husband, Advocate Hadi Ali Chattha, terming them a violation of constitutional rights

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Khyber Pakhtunkhwa urges Centre to release Rs54bn in outstanding dues

CM writes letter to PM; expresses concern about negative impacts of funds shortfall

By Manzoor Ali

PESHAWAR: The Khyber Pakhtunkhwa government has informed the federal government that it has received Rs54.4 billion less funds than its allocated share under National Finance Commission.

Chief Minister Sohail Afridi, in a letter addressed to Prime Minister Shehbaz Sharif, expressed grave concern over persistent failure to release constitutionally mandated federal transfers, which has resulted in fiscal and governance crises for the province.

He said that that the budget of Khyber Pakhtunkhwa for fiscal year 2025-26 was framed and approved strictly on the basis of clear constitutional fiscal entitlements, including net hydel profit, oil and gas royalties, post-merger National Finance Commission shares, and regular monthly transfers under NFC Award.

He said that those were binding fiscal obligations and not discretionary assumptions. "Contrary to these commitments, actual releases have consistently fallen short of budgeted level," he added.

CM Afridi asks federal government to apologise for Tirah operation claims: Page 8

The chief minister said that withholding of monthly NFC transfers found no sanction in the Constitution and undermined the core principles of cooperative federalism.

He said that against Khyber Pakhtunkhwa's NFC entitlement of Rs658.4 billion from the federal divisible pool, the province received only Rs604 billion to date, leaving a shortfall of Rs54.4 billion. He said that it was not an accounting variance but a material breach that directly impaired cash management, disrupted budget execution and constrained service delivery across critical sectors of governance.

Mr Afridi said that the impact was most severe in merged districts where development, stabilisation and state consolidation were recognised national priorities. "Despite a provincial allocation of Rs292 billion, federal releases amount to only Rs56 billion so far," he said.

He warned that the severe and continuing gap undermined essential public services and development interventions in historically marginalised areas, eroding the objectives of merger and weakening national cohesion.

The chief minister said that Khyber Pakhtunkhwa remained on the frontline of counter terrorism while simultaneously shouldering extraordinary and unavoidable expenditures arising from flood response and rehabilitation, as well as the management and

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ON OTHER PAGES

Punjab ends legal cover to keep lions

After back-to-back pet lion attacks in which two children suffered injuries, CM Maryam Nawaz on Monday ordered revocation of the legal permission to keep big cats in Punjab. A pet lion chewed off the arm of a boy and a lioness attacked and injured a girl in Lahore. Separately, seven people were sent to jail on judicial remand for keeping wild animals in residential areas. **Page 3**

Forensic team joins Gul Plaza probe

As authorities in Karachi wrapped up the search and rescue operation at the Gul Plaza mall after 10 days, a team of forensic experts from Lahore joined the probe into the Jan 17 devastating fire that claimed lives of 73 people and destroyed 1,200 shops. Rescue-1122 spokesperson said the search operation was completed and the building was handed over to city administration. **Page 13**

COMMENT

Putting money first, cricket last

Pakistan should participate in the World T20; but it should also support Bangladesh's cause, and continue to point out the hypocrisy in the treatment that it receives, versus what India gets

By Kamran Abbasi

BANGLADESH'S removal from the ICC World T20 in India is the crisis that nobody wants to talk about.

Yes, you might find endless analysis on South Asian talk shows, but look internationally and it is a governance disaster that shall not be mentioned.

The question why the international media will not discuss this issue, and the question of why Bangladesh is out of the tournament, both have the same answer: India's absolute power over world cricket.

The International Cricket Council (ICC) is meant to govern in the best interests of the global game. However, what was clear over two decades has crystallised over the last two years: the purpose of the ICC is exactly what critics claim — to borrow from Donald Trump's vocabulary — to put India first.

THE question is: if India is allowed to pick and choose, why should Bangladesh not be allowed to do the same?—AFP/file

It is perfectly evident that there

Pakistan to take final call on T20 World Cup participation by next week: Page 18

is one rule for India, and another for its opponents. This reality is enabled by the spineless apathy of the other so-called cricketing powers. The evidence is unquestionable and is unquestioningly ignored.

India has taken a political decision not to play bilateral tournaments against Pakistan. It has taken a political decision not to step foot on Pakistani soil. Cricketers from Pakistan and of Pakistani heritage face ridiculous processes to be allowed to participate in events in India.

It is allowed to do this for purely political reasons, and the ICC says nothing. But, when another nation, Bangladesh in this instance, takes a similar position towards playing in India it is dropped from the tournament.

The merits of Bangladesh's argument are not even worth debating. Why do I say this? I say this because the merits of India's arguments against Pakistan aren't worth debating. They are purely political.

If India is allowed to pick and choose, why should Bangladesh not be allowed to do the same?

We all know the answer to this: Bangladesh is not responsible for

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